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Message Text

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70
ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 CU-04 SAJ-01

FEA-02 SCI-06 INT-08 AGR-20 TRSE-00 NIC-01 DRC-01

/164 W
---------- 088771
R 251550Z JAN 74
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC 7477
INFO AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY
AMEMBASSY PRAGUE
USMISSION BERLIN
AMCONSUL POZNAN

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E.O. 11652: N/A
TAGS: ECON, ENRG, PL
SUBJECT: ECONOMIC IMPACT OF POLAND'S NEW PRICE AND WAGE INCREASES

REF: WARSAW 0442

1. AS A RESULT OF MEASURES OUTLINED BY PREMIER JAROSZEWICZ IN A SPPECH BEFORE THE SEJM ON JAN 19 (REFTEL, ONE-THIRD OF THE WORK FORCE IN THE SOCIALIZED SECTOR OF POLAND'S ECONOMY WILL RECEIVE WAGE INCREASES DURING THE REMAINING TWO YEARS OF THE CURRENT FIVE YEAR PLAN. THESE INCREASES, COVERING SUCH KEY AREAS AS MINING, TRANSPORTATION, AND TRADE, IN COMBINATION WITH INCREASES IN CERTAIN FARM
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PURCHASE PRICES, PENSIONS AND SOCIAL BENEFITS, WILL ADD

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APPROXIMATELY 19 BILLION ZLOTYS TO GOVERNMENT OUTLAYS IN 1974.

2. THE COST OF THESE INCREASES WILL BE PARTIALLY OFFSET BY HIGHER PRICES FOR ALCOHOLIC BEVERAGES, RESTAURANT SERVICES AND PETROLEUM PRODUCTS, BUT THE NET RESULT IS LIKELY TO BE INCRASED INFLATIONARY PRESSURES WITHIN THE POLISH ECONOMY.

3. THE GOVERNMENT HAS ACKNOWLEDGED THAT DURING 1974 POLAND MUST PURCHASE 1.1 MILLION TONS OF CRUDE OIL NAD 1.7 MILLION TONS OF PETROLEUM PRODUCTS FROM WESTERN SOURCES, AND IN AN EFFORT TO DEPRESS PRIVATE DEMAND FOR GASOLINE IT HAS RAIDED THE PRICE AT THE PUMP AN AVERAGE OF 75 PERCENT.

4. JAROSZEWICZ ALSO ANNOUNCED A PHASED REDUCTION IN THE WORK WEEK FROM 46 TO 42 HOURS, A MOVE INTENDED, AS HE PUT IT, TO HELP EQUALIZE THE RIGHTS OF MANUAL AND WHITE COLLAR WORKERS.

5. DETAILED ANALYSIS OF THE ECONOMIC IMPACT OF THESE STEPS BEING POUCHED TO DEPARTMENT JANUARY 28.
DAVIES

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